

# THE TAXATION LAWS (AMENDMENT) ACT, 1984

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# THE TAXATION LAWS (AMENDMENT) ACT, 1984

No. 67 OF 1984

[14th September, 1984.]

An Act further to amend the Income-tax Act, 1961, the Wealth-tax Act, 1957, the Gift-tax Act, 1958, the Companies (Profits) Surtax Act, 1964, the Compulsory Deposit Scheme (Income-tax Payers) Act, 1974 and the Interest-tax Act, 1974.

BE it enacted by Parliament in the Thirty-fifth Year of the Republic of India as follows:—

## CHAPTER I

### PRELIMINARY

1. (1) This Act may be called the Taxation Laws (Amendment) Act, 1984.

Short  
title and  
commen-  
cement.

(2) Section 84 of this Act shall come into force on the 1st day of October, 1984, and, save as otherwise provided, the remaining provisions of this Act shall come into force on the 1st day of April, 1985.

## CHAPTER II

### AMENDMENTS TO THE INCOME-TAX ACT, 1961

43 of 1961.

2. In section 2 of the Income-tax Act, 1961 (hereafter in this Chapter referred to as the Income-tax Act), for clause (47), the following clause shall be substituted, namely:—

Amend-  
ment of  
section 2.

‘(47) “transfer”, in relation to a capital asset, includes,—

(i) the sale, exchange or relinquishment of the asset; or

(ii) the extinguishment of any rights therein; or

(iii) the compulsory acquisition thereof under any law; or

(iv) in a case where the asset is converted by the owner thereof into, or is treated by him as, stock-in-trade of a business carried on by him, such conversion or treatment;’

Amend-  
ment of  
section 9.

3. In section 9 of the Income-tax Act, in sub-section (1), in the *Explanation* to clause (i), after clause (c), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1982, namely:—

“(d) in the case of a non-resident, being—

- (1) an individual who is not a citizen of India; or
- (2) a firm which does not have any partner who is a citizen of India or who is resident in India; or
- (3) a company which does not have any shareholder who is a citizen of India or who is resident in India,

no income shall be deemed to accrue or arise in India to such individual, firm or company through or from operations which are confined to the shooting of any cinematograph film in India;”.

Amend-  
ment of  
section 10.

4. In section 10 of the Income-tax Act,—

(a) after clause (5), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1982, namely:—

“(5A) in the case of an individual who is not a citizen of India and is a non-resident, who comes to India solely in connection with the shooting of a cinematograph film in India by the individual, firm or company referred to in clause (d) of the *Explanation* to clause (i) of sub-section (1) of section 9, any remuneration received by him for rendering any service in connection with such shooting;”;

(b) in clause (10AA), for the words “on superannuation”, wherever they occur, the words “whether on superannuation” shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1978;

(c) in clause (13A), the following *Explanation* shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1976, namely:—

“*Explanation.*—For the removal of doubts, it is hereby declared that nothing contained in this clause shall apply in a case where—

(a) the residential accommodation occupied by the assessee is owned by him; or

(b) the assessee has not actually incurred expenditure on payment of rent (by whatever name called) in respect of the residential accommodation occupied by him;”.

Amend-  
ment of  
section 13.

5. In section 13 of the Income-tax Act, in sub-section (3), in clause (b), for the words “five thousand rupees”, the words “twenty-five thousand rupees” shall be substituted.

6. In section 16 of the Income-tax Act, in clause (i), after the proviso, the following *Explanation* shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1975, namely:—

Amendment of section 16.

*Explanation.*—For the removal of doubts, it is hereby declared that where, in the case of an assessee, salary is due from, or paid or allowed by, more than one employer, the deduction under this clause shall be computed with reference to the aggregate salary due, paid or allowed to the assessee and shall in no case exceed the amount specified under this clause;”.

7. In section 17 of the Income-tax Act,—

Amendment of section 17.

(i) in clause (1), after sub-clause (v), the following sub-clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1978, namely:—

“(va) any payment received by an employee in respect of any period of leave not availed of by him;”;

(ii) in clause (2),—

(a) in sub-clause (iv), the word “and” shall be omitted;

(b) in sub-clause (v), the word “and” shall be inserted at the end;

(c) after sub-clause (v), the following sub-clause shall be inserted, namely:—

“(vi) where the employer has advanced any loan to the employee for the purpose of building a house or purchasing a site or a house and a site or for purchasing a motor car, and either no interest is charged by the employer on the amount of such loan or interest is charged at a rate lower than the rate of interest which the Central Government may, having regard to the rate of interest charged by it from its employees on loans for such purpose granted to them, specify in this behalf by notification in the Official Gazette, an amount equal to,—

(a) in a case where such loan is advanced without charging any interest, the interest calculated in the prescribed manner on such loan at the rate so specified;

(b) in a case where such loan is advanced by charging interest at a rate lower than the rate so specified, the difference between the interest calculated in the prescribed manner on such loan at the rate so specified and the interest charged by the employer:

Provided that this sub-clause shall not apply in the case of—

(1) an employee of the Central Government or any State Government; or

(2) an employee, not being an employee referred to in paragraph (a) or paragraph (b) of sub-clause (iii), whose income under the head "Salaries", exclusive of the value of all benefits or amenities not provided for by way of monetary payment, does not exceed eighteen thousand rupees;'

Amend-  
ment of  
section 23.

8. In section 23 of the Income-tax Act, in sub-section (1),—

(a) for the first proviso, the following proviso shall be substituted, namely:—

"Provided that where the property is in the occupation of a tenant, the taxes levied by any local authority in respect of the property shall, to the extent such taxes are borne by the owner, be deducted (irrespective of the previous year in which the liability to pay such taxes was incurred by the owner according to the method of accounting regularly employed by him) in determining the annual value of the property of that previous year in which such taxes are actually paid by him:";

(b) in the second proviso, the words, brackets and letters "so, however, that the income in respect of any residential unit referred to in clause (a) or clause (b) or clause (c) or clause (d) is in no case a loss" shall be omitted and shall be deemed to have been omitted with effect from the 1st day of April, 1984;

(c) the *Explanation* shall be numbered as *Explanation 1* and after *Explanation 1* as so numbered, the following *Explanation* shall be inserted, namely:—

"*Explanation 2.*—For the removal of doubts, it is hereby declared that where a deduction in respect of any taxes referred to in the first proviso to this sub-section is allowed in determining the annual value of the property in respect of any previous year (being a previous year relevant to the assessment year commencing on the 1st day of April, 1984 or any earlier assessment year), no deduction shall be allowed under the first proviso in determining the annual value of the property in respect of the previous year in which such taxes are actually paid by the owner."

Insertion  
of new  
section 25A.

9. After section 25 of the Income-tax Act, the following section shall be inserted, namely:—

Special  
provision  
for cases  
where un-  
realised  
rent  
allowed as  
deduction  
is realised  
subse-  
quently.

'25A. Where a deduction has been made under clause (x) of sub-section (1) of section 24 in the assessment for any year in respect of rent from property let to a tenant which the assessee cannot realise and subsequently during any previous year the assessee has realised any amount in respect of such rent, the amount so realised shall be deemed to be income chargeable under the head "Income from house property" and accordingly charged to income-tax (without making any deduction under section 23 or section 24) as the income of that previous year, whether the assessee is the owner of that property in that year or not.'



10. In section 40 of the Income-tax Act, after clause (b), the following *Explanations* shall be inserted, namely:—

Amend-  
ment of  
section 40.

*Explanation 1.*—Where interest is paid by a firm to any partner of the firm who has also paid interest to the firm, the amount of interest to be disallowed under this clause shall be limited to the amount by which the payment of interest by the firm to the partner exceeds the payment of interest by the partner to the firm.

*Explanation 2.*—Where an individual is a partner in a firm on behalf, or for the benefit, of any other person (such partner and the other person being hereinafter referred to as “partner in a representative capacity” and “person so represented” respectively),—

(i) interest paid by the firm to such individual or by such individual to the firm, otherwise than as partner in a representative capacity, shall not be taken into account for the purposes of this clause;

(ii) interest paid by the firm to such individual or by such individual to the firm as partner in a representative capacity and interest paid by the firm to the person so represented or by the person so represented to the firm, shall be taken into account for the purposes of this clause.

*Explanation 3.*—Where an individual is a partner in a firm, otherwise than as partner in a representative capacity, interest paid by the firm to such individual shall not be taken into account for the purposes of this clause, if such interest is received by him on behalf, or for the benefit, of any other person.

11. In section 40A of the Income-tax Act, in sub-section (5), in clause (b) of *Explanation 2*,—

Amend-  
ment of  
section  
40A.

(a) in sub-clause (iv), the word “and” shall be omitted;

(b) in sub-clause (v), for the words “an annuity”, the words “an annuity; and” shall be substituted;

(c) after sub-clause (v), the following sub-clause shall be inserted, namely:—

“(vi) the amount treated as a perquisite under sub-clause (vi) of clause (2) of section 17.”.

12. In section 45 of the Income-tax Act, after sub-section (1), the following sub-section shall be inserted, namely:—

Amend-  
ment of  
section 45.

“(2) Notwithstanding anything contained in sub-section (1), the profits or gains arising from the transfer by way of conversion by the owner of a capital asset into, or its treatment by him as, stock-in-trade of a business carried on by him shall be chargeable to income-tax as his income of the previous year in which such stock-in-trade is sold or otherwise transferred by him and, for the purposes of section 48, the fair market value of the asset on the date of

such conversion or treatment shall be deemed to be the full value of the consideration received or accruing as a result of the transfer of the capital asset.”.

Insertion of new section 47A.

Withdrawal of exemption in certain cases.

13. After section 47 of the Income-tax Act, the following section shall be inserted, namely:—

‘47A. Where at any time before the expiry of a period of eight years from the date of the transfer of a capital asset referred to in clause (iv) or, as the case may be, clause (v) of section 47,—

(i) such capital asset is converted by the transferee company into, or is treated by it as, stock-in-trade of its business; or

(ii) the parent company or its nominees or, as the case may be, the holding company ceases or ceases to hold the whole of the share capital of the subsidiary company,

the amount of profits or gains arising from the transfer of such capital asset not charged under section 45 by virtue of the provisions contained in clause (iv) or, as the case may be, clause (v) of section 47 shall, notwithstanding anything contained in the said clauses, be deemed to be income chargeable under the head “Capital gains” of the previous year in which such transfer took place.’.

Amendment of section 49.

14. In section 49 of the Income-tax Act, after sub-section (2), the following sub-section shall be inserted, namely:—

‘(3) Notwithstanding anything contained in sub-section (1), where the capital gain arising from the transfer of a capital asset referred to in clause (iv) or, as the case may be, clause (v) of section 47 is deemed to be income chargeable under the head “Capital gains” by virtue of the provisions contained in section 47A, the cost of acquisition of such asset to the transferee company shall be the cost for which such asset was acquired by it.’.

Substitution of new section for section 53.

Exemption of capital gains from a residential houses.

15. For section 53 of the Income-tax Act, the following section shall be substituted, namely:—

‘53. Notwithstanding anything contained in section 45, where in the case of an assessee being an individual, the capital gain arises from the transfer of a capital asset (other than a short-term capital asset), being buildings or lands appurtenant thereto, and being a residential house, the income of which is chargeable under the head “Income from house property”, the capital gain arising from such transfer shall be dealt with in accordance with the following provisions of this section, that is to say,—

(a) in a case where the full value of the consideration received or accruing as a result of the transfer of such capital asset does not exceed two hundred thousand rupees, the whole of the capital gain shall not be charged under section 45;

(b) in a case where the full value of such consideration exceeds two hundred thousand rupees, so much of the capital gain as bears to the whole of the capital gain the same

proportion as the amount of two hundred thousand rupees bears to such consideration shall not be charged under section 45:

Provided that nothing contained in this section shall apply to a case where the assessee owns on the date of such transfer any other residential house.

16. In section 54E of the Income-tax Act, in sub-section (1), after the proviso and before *Explanation 1*, the following proviso shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1984, namely:—

Amend-  
ment of  
section  
54E.

“Provided further that in a case where the transfer of the original asset is by way of compulsory acquisition under any law and the full amount of compensation awarded for such acquisition is not received by the assessee on the date of such transfer, the period of six months referred to in this sub-section shall, in relation to so much of such compensation as is not received on the date of the transfer, be reckoned from the date immediately following the date on which such compensation is received by the assessee.”

17. In section 64 of the Income-tax Act, in sub-section (1),—

Amend-  
ment of  
section 64.

(a) in clause (vi), the word “and” shall be omitted;

(b) in clause (vii), for the words “or both.”, the words “or both; and” shall be substituted;

(c) after clause (vii), the following clause shall be inserted, namely:—

“(viii) to any person or association of persons from assets transferred directly or indirectly on or after the 1st day of June, 1973, otherwise than for adequate consideration, to the person or association of persons by such individual, to the extent to which the income from such assets is for the immediate or deferred benefit of his son’s wife or son’s minor child or both.”

18. In section 80 of the Income-tax Act, for the words and figures “under section 139”, the words, brackets and figures “within the time allowed under sub-section (1) of section 139 or within such further time as may be allowed by the Income-tax Officer” shall be substituted.

Amend-  
ment of  
section 80.

19. In section 80C of the Income-tax Act, in sub-section (2),—

Amend-  
ment of  
section  
80C.

(i) in clause (g), for the words “consisting only of”, the words “consisting, in either case, only of” shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1971;

(ii) in clause (h), for the words “or an association of persons or a body of individuals consisting only of”, the words “or, where the assessee is an association of persons or a body of individuals consisting, in either case, only of” shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1983.

Amend-  
ment of  
section  
80CC.

20. In section 80CC of the Income-tax Act, in sub-section (1), in clause (c), for the words "consisting only of", the words "consisting, in either case, only of" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1978.

Amend-  
ment of  
section  
80L.

21. In section 80L of the Income-tax Act,—

(a) in sub-section (1), in clause (c), for the words "consisting only of", the words "consisting, in either case, only of" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1972;

(b) after sub-section (2), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1976, namely:—

"(3) For the removal of doubts, it is hereby declared that where the income referred to in sub-section (1) is derived from any asset held by, or on behalf of, a firm, an association of persons or a body of individuals, no deduction shall be allowed under the said sub-section in respect of such income in computing the total income of any partner of the firm or any member of the association or body."

Amend-  
ment of  
section  
130.

22. In section 130 of the Income-tax Act, in sub-section (2), for the word and figures "sections 253", the word and figures "sections 132, 253" shall be substituted with effect from the 1st day of October, 1984.

Amend-  
ment of  
section  
132.

23. In section 132 of the Income-tax Act, with effect from the 1st day of October, 1984,—

(a) in sub-section (5), for the words "ninety days", the words "one hundred and twenty days" shall be substituted;

(b) in sub-section (11), for the words and brackets "such authority, as may be notified in this behalf by the Central Government in the Official Gazette (hereafter in this section referred to as the notified authority)", the words "the Commissioner" shall be substituted;

(c) after sub-section (11), the following sub-section shall be inserted, namely:—

"(11A) Every application referred to in sub-section (11) which is pending immediately before the 1st day of October, 1984, before an authority notified under that sub-section as it stood immediately before that day shall stand transferred on that day to the Commissioner, and the Commissioner may proceed with such application from the stage at which it was on that day:

Provided that the applicant may demand that before proceeding further with the application, he be re-heard."

(d) in sub-section (12),—

(i) for the words "the notified authority", the words "the Commissioner" shall be substituted;

(ii) for the words "as it thinks fit", the words "as it or he thinks fit" shall be substituted;

(e) in *Explanation 1*, for the words "ninety days", the words "one hundred and twenty days" shall be substituted.

24. In section 132B, section 139, section 201, sections 213 to 217, section 220, section 243, section 244 and section 269K of the Income-tax Act and in rule 60 of the Second Schedule to that Act, for the words "twelve per cent.", wherever they occur, the words "fifteen per cent." shall be substituted with effect from the 1st day of October, 1984.

Amendment of sections 132B, 139, 201, 213 to 217, 220, 243, 244 and 269K and Second Schedule.

25. In section 139 of the Income-tax Act,—

Amendment of section 139.

(a) in sub-section (1A),—

(i) for clause (b), the following clause shall be substituted, namely:—

'(b) his income or the income of such other person under the head "Salaries", exclusive of the value of all benefits or amenities not provided for by way of monetary payment, does not exceed eighteen thousand rupees;'

(ii) the *Explanation* shall be omitted;

(b) in sub-section (8),—

(i) in clause (a), for *Explanation 2*, the following *Explanation* shall be substituted, namely:—

"*Explanation 2*.—Where, in relation to an assessment year, an assessment is made for the first time under section 147, the assessment so made shall be regarded as a regular assessment for the purposes of this sub-section.";

(ii) for clause (b), the following clause shall be substituted, namely:—

"(b) Where as a result of an order under section 147 or section 154 or section 155 or section 250 or section 254 or section 260 or section 262 or section 263 or section 264, the amount of tax on which interest was payable under this sub-section has been increased or reduced, as the case may be, the interest shall be increased or reduced accordingly, and—

(i) in a case where the interest is increased, the Income-tax Officer shall serve on the assessee a notice of demand in the prescribed form specifying the sum payable, and such notice of demand shall be deemed to be a notice under section 156 and the provisions of this Act shall apply accordingly;

(ii) in a case where the interest is reduced, the excess interest paid, if any, shall be refunded."

Amend-  
ment of  
section  
144B.

26. In section 144B of the Income-tax Act, in sub-section (1), for the words "the Income-tax Officer proposes to make any variation", the words, figures and letters "the Income-tax Officer proposes to make, before the 1st day of October, 1984, any variation" shall be substituted with effect from the 1st day of October, 1984.

Amend-  
ment of  
section  
146.

27. In section 146 of the Income-tax Act, in sub-section (1), after the words and figures under section 144", the words, figures and letters "before the 1st day of October, 1984" shall be inserted with effect from the 1st day of October, 1984.

Amendment  
of section  
153.

28. In section 153 of the Income-tax Act, with effect from the 1st day of October, 1984,—

(a) in sub-section (1),—

(i) in clause (c), for the word and figures "section 139," the words and figures "section 139; or" shall be substituted;

(ii) after clause (c), the following clause shall be inserted, namely:—

"(d) the expiry of six months from the end of the month in which an application under clause (a) of sub-section (2) of section 143 is made by the assessee,";

(b) in *Explanation 1* below sub-section (3), after clause (iv), the following clause shall be inserted, namely:—

"(iva) the period (not exceeding sixty days) commencing from the date on which the Income-tax Officer received the declaration under sub-section (1) of section 158A and ending with the date on which the order under sub-section (3) of that section is made by him, or".

Amend-  
ment of  
section  
154.

29. In section 154 of the Income-tax Act, with effect from the 1st day of October, 1984,—

(a) for sub-section (1), the following sub-section shall be substituted, namely:—

"(1) With a view to rectifying any mistake apparent from the record, an income-tax authority referred to in section 116 may amend any order passed by it under the provisions of this Act.;"

(b) in sub-section (7), for the words "from the date of the order sought to be amended", the words "from the end of the financial year in which the order sought to be amended was passed" shall be substituted.

Amend-  
ment of  
section  
155.

30. In section 155 of the Income-tax Act,—

(a) in sub-section (1), with effect from the 1st day of October, 1984,—

(i) in clause (b), after the word and figures "section 264," the word "or" shall be inserted;

(ii) after clause (b), the following clause shall be inserted, namely:—

“(c) on any order passed under sub-section (4) of section 245D on the application made by the firm,”;

(iii) for the words “from the date of the final order passed”, the words “from the end of the financial year in which the final order was passed” shall be substituted;

(b) in sub-section (2), with effect from the 1st day of October, 1984,—

(i) in clause (b), after the word and figures “section 264,”, the word “or” shall be inserted;

(ii) after clause (b), the following clause shall be inserted, namely:—

“(c) on any order passed under sub-section (4) of section 245D on the application made by the association or body,”;

(iii) for the words “from the date of the final order passed”, the words “from the end of the financial year in which the final order was passed” shall be substituted;

(c) in sub-section (4), for the words “from the date of the order passed”, the words “from the end of the financial year in which the order was passed” shall be substituted with effect from the 1st day of October, 1984;

(d) in sub-section (7), for the words “from the date of the final order passed”, the words “from the end of the financial year in which the final order was passed” shall be substituted with effect from the 1st day of October, 1984;

(e) after sub-section (7A), the following sub-section shall be inserted, namely:—

“(7B) Where in the assessment for any year, the capital gain arising from the transfer of a capital asset is not charged under section 45 by virtue of the provisions of clause (iv) or, as the case may be, clause (v) of section 47, but is deemed under section 47A to be income chargeable under the head “Capital gains” of the previous year in which the transfer took place by reason of—

(i) such capital asset being converted by the transferee company into, or being treated by it as, stock-in-trade of its business; or

(ii) the parent company or its nominees or, as the case may be, the holding company ceasing to hold the whole of the share capital of the subsidiary company,

at any time before the expiry of the period of eight years from the date of such transfer, the Income-tax Officer may, notwithstanding anything contained in this Act, re-compute the total income of the transferor company for the relevant previous year

and make the necessary amendment; and the provisions of section 154 shall, so far as may be, apply thereto, the period of four years specified in sub-section (7) of that section being reckoned from the end of the previous year in which the capital asset was so converted or treated or in which the parent company or its nominees or, as the case may be, the holding company ceased to hold the whole of the share capital of the subsidiary company.;

(f) in sub-section (8), for the words "reckoned from the date of the assessment", the words "reckoned from the end of the financial year in which the assessment was made" shall be substituted with effect from the 1st day of October, 1984;

(g) in sub-section (9), for the words "reckoned from the date of the assessment", the words "reckoned from the end of the financial year in which the assessment was made" shall be substituted with effect from the 1st day of October, 1984;

(h) in clause (a) of sub-section (10), for the words "reckoned from the date of the assessment", the words "reckoned from the end of the financial year in which the assessment was made" shall be substituted with effect from the 1st day of October, 1984;

(i) in sub-section (10A), for the words "reckoned from the date of the assessment", the words "reckoned from the end of the financial year in which the assessment was made" shall be substituted with effect from the 1st day of October, 1984;

(j) in sub-section (10C), for the words "reckoned from the date of the assessment", the words "reckoned from the end of the financial years in which the assessment was made" shall be substituted with effect from the 1st day of October, 1984.

Insertion  
of new  
Chapter  
XIVA.

31. In the Income-tax Act, after Chapter XIV, the following Chapter shall be inserted with effect from the 1st day of October, 1984. namely:—

#### 'CHAPTER XIVA

##### SPECIAL PROVISION FOR AVOIDING REPETITIVE APPEALS

Procedure  
when as-  
sessee  
claims  
identical  
question  
of law  
is pend-  
ing  
before  
High  
Court or  
Supreme  
Court.

158A. (1) Notwithstanding anything contained in this Act, where an assessee claims that any question of law arising in his case for an assessment year which is pending before the Income-tax Officer or any appellate authority (such case being hereafter in this section referred to as the relevant case) is identical with a question of law arising in his case for another assessment year which is pending before the High Court on a reference under section 256 or before the Supreme Court on a reference under section 257 or in appeal under section 261 (such case being hereafter in this section referred to as the other case), he may furnish to the Income-tax Officer or the appellate authority, as the case may be, a declaration in the prescribed form and verified in the prescribed manner, that if the Income-tax Officer or the appellate authority, as the case may be, agrees to apply to the relevant case the final decision on the question of law in the other case, he shall not raise such question of law in the relevant case



in appeal before any appellate authority or for a reference before the High Court under section 256 or the Supreme Court under section 257 or in appeal before the Supreme Court under section 261.

(2) Where a declaration under sub-section (1) is furnished to any appellate authority, the appellate authority shall call for a report from the Income-tax Officer on the correctness of the claim made by the assessee and where the Income-tax Officer makes a request to the appellate authority to give him an opportunity of being heard in the matter, the appellate authority shall allow him such opportunity.

(3) The Income-tax Officer or the appellate authority, as the case may be, may, by order in writing,—

(i) admit the claim of the assessee if he or it is satisfied that the question of law arising in the relevant case is identical with the question of law in the other case; or

(ii) reject the claim if he or it is not so satisfied.

(4) Where a claim is admitted under sub-section (3),—

(a) the Income-tax Officer or, as the case may be, the appellate authority may make an order disposing of the relevant case without awaiting the final decision on the question of law in the other case; and

(b) the assessee shall not be entitled to raise, in relation to the relevant case, such question of law in appeal before any appellate authority or for a reference before the High Court under section 256 or the Supreme Court under section 257 or in appeal before the Supreme Court under section 261.

(5) When the decision on the question of law in the other case becomes final, it shall be applied to the relevant case and the Income-tax Officer or the appellate authority, as the case may be, shall, if necessary, amend the order referred to in clause (a) of sub-section (4) conformably to such decision.

(6) An order under sub-section (3) shall be final and shall not be called in question in any proceeding by way of appeal, reference or revision under this Act.

*Explanation.*—In this section,—

(a) “appellate authority” means the Appellate Assistant Commissioner or the Commissioner (Appeals) or the Appellate Tribunal;

(b) “case”, in relation to an assessee, means any proceeding under this Act for the assessment of the total income of the assessee or for the imposition of any penalty on him.

32. In section 186 of the Income-tax Act, in sub-section (4), for the words “the date of the order cancelling the registration”, the words “the end of the financial year in which the order cancelling the registration was passed” shall be substituted with effect from the 1st day of October, 1981.

Amend-  
ment of  
section  
187.

33. In section 187 of the Income-tax Act, to sub-section (2), the following proviso shall be added and shall be deemed to have been added with effect from the 1st day of April, 1975, namely:—

“Provided that nothing contained in clause (a) shall apply to a case where the firm is dissolved on the death of any of its partners.”.

Amend-  
ment of  
section  
208.

34. In section 208 of the Income-tax Act, with effect from the 2nd day of April, 1985,—

(a) in sub-section (1), in clause (a), for the words, brackets, letter and figures “clause (a) of section 209”, the words, brackets, letter and figures “clause (a) of sub-section (1) of section 209” shall be substituted;

(b) after sub-section (2), the following sub-section shall be inserted, namely:—

“(3) Notwithstanding anything contained in the foregoing provisions of this section, where in the case of an assessee referred to in clause (c) or clause (d) of sub-section (2), the amount of advance tax payable by him during the financial year, as computed in accordance with the provisions of this section, does not exceed fifteen hundred rupees, it shall not be necessary for such assessee to pay any advance tax during that financial year.”.

Amend-  
ment of  
section  
214.

35. In section 214 of the Income-tax Act,—

(a) in sub-section (1), for the words “tax determined on regular assessment”, the words “assessed tax” shall be substituted;

(b) for sub-section (1A), the following sub-section shall be substituted, namely:—

“(1A) Where as a result of an order under section 147 or section 154 or section 155 or section 250 or section 254 or section 260 or section 262 or section 263 or section 264, the amount on which interest was payable under sub-section (1) has been increased or reduced, as the case may be, the interest shall be increased or reduced accordingly, and in a case where the interest is reduced, the Income-tax Officer shall serve on the assessee a notice of demand in the prescribed form specifying the amount of the excess interest payable and requiring him to pay such amount; and such notice of demand shall be deemed to be a notice under section 156 and the provisions of this Act shall apply accordingly.”;

(c) after sub-section (2), the following Explanations shall be inserted, namely:—

*Explanation 1.*—In this section, “assessed tax” shall have the same meaning as in sub-section (5) of section 215.

*Explanation 2.*—Where, in relation to an assessment year, an assessment is made for the first time under section 147, the assessment so made shall be regarded as a regular assessment for the purposes of this section.’.

36. In section 215 of the Income-tax Act,—

(a) for sub-section (3), the following sub-section shall be substituted, namely:—

“(3) Where as a result of an order under section 147 or section 154 or section 155 or section 250 or section 254 or section 260 or section 262 or section 263 or section 264, the amount on which interest was payable under sub-section (1) has been increased or reduced, as the case may be, the interest shall be increased or reduced accordingly, and—

(i) in a case where the interest is increased, the Income tax Officer shall serve on the assessee a notice of demand in the prescribed form specifying the sum payable, and such notice of demand shall be deemed to be a notice under section 156 and the provisions of this Act shall apply accordingly;

(ii) in a case where the interest is reduced, the excess interest paid, if any, shall be refunded.”;

(b) after sub-section (5), the following sub-section shall be inserted, namely:—

“(6) Where, in relation to an assessment year, an assessment is made for the first time under section 147, the assessment so made shall be regarded as a regular assessment for the purposes of this section and sections 216, 217 and 273.”.

37. In section 220 of the Income-tax Act, after sub-section (2), the following sub-section shall be inserted with effect from the 1st day of October, 1984, namely:—

“(2A) Notwithstanding anything contained in sub-section (2), the Board may reduce or waive the amount of interest payable by an assessee under the said sub-section if, on the recommendation made by the Commissioner in this behalf, it is satisfied that—

(i) payment of such amount would cause genuine hardship to the assessee;

(ii) default in the payment of the amount on which interest was payable under the said sub-section was due to circumstances beyond the control of the assessee; and

(iii) the assessee has co-operated in any inquiry relating to the assessment or any proceeding for the recovery of any amount due from him.”.

38. In section 231 of the Income-tax Act, for the words “one year”, wherever they occur, the words “three years” shall be substituted with effect from the 1st day of October, 1984.

39. In section 245A of the Income-tax Act, for clause (a), the following clause shall be substituted with effect from the 1st day of October, 1984, namely:—

“(a) “case” means any proceeding under this Act for the assessment or re-assessment of any person in respect of any year or years, or

Amend-  
ment of  
section  
215.

Amend-  
ment of  
section  
220.

Amend-  
ment of  
section  
231.

Amend-  
ment of  
section  
245A.

by way of appeal or revision in connection with such assessment or re-assessment, which may be pending before an income-tax authority on the date on which an application under sub-section (1) of section 245C is made;'

Amend-  
ment of  
section  
245C.

40. In section 245C of the Income-tax Act, for sub-section (1), the following sub-sections shall be substituted with effect from the 1st day of October, 1984, namely:—

"(1) An assessee may, at any stage of a case relating to him, make an application in such form and in such manner as may be prescribed, and containing a full and true disclosure of his income which has not been disclosed before the Income-tax Officer, the manner in which such income has been derived, the additional amount of income-tax payable on such income and such other particulars as may be prescribed, to the Settlement Commission to have the case settled and any such application shall be disposed of in the manner hereinafter provided:

Provided that no such application shall be made unless the additional amount of income-tax payable on the income disclosed in the application exceeds fifty thousand rupees.

(1A) For the purposes of sub-section (1) of this section and sub-sections (2A) to (2D) of section 245D, the additional amount of income-tax payable in respect of the income disclosed in an application made under sub-section (1) of this section shall be the amount calculated in accordance with the provisions of sub-sections (1B) to (1D).

(1B) Where the income disclosed in the application relates to only one previous year,—

(i) if the applicant has not furnished a return in respect of the total income of that year and no assessment has been made in respect of the total income of that year, tax shall be calculated on the income disclosed in the application as if such income were the total income;

(ii) if the applicant has furnished a return in respect of the total income of that year and no assessment has been made in pursuance of such return, tax shall be calculated on the aggregate of the total income returned and the income disclosed in the application as if such aggregate were the total income; and

(iii) if an assessment in respect of the total income of that year has been made, tax shall be calculated on the aggregate of the total income as assessed and the income disclosed in the application as if such aggregate were the total income.

(1C) The tax as calculated under sub-section (1B) shall be reduced,—

(a) in a case referred to in clause (i) of sub-section (1B), by the sum, if any, deducted at source under Chapter XVII-B or paid in advance under Chapter XVII-C;

(b) in a case referred to in clause (ii) of sub-section (1B), by the aggregate of the sums referred to in clause (a) and the tax, if any, paid by the applicant under section 140A; and

(c) in a case referred to in clause (iii) of sub-section (1B), by the aggregate of the sums and tax referred to in clause (b) as increased by the tax, if any, paid in pursuance of the assessment made in respect of the total income of that year,

and the resultant amount so arrived at shall be the additional amount of income-tax payable in respect of the income disclosed in the application relating to that year.

(1D) Where the income disclosed in the application relates to more than one previous year, the additional amount of income-tax payable in respect of the income disclosed for each of the years shall first be calculated in accordance with the provisions of sub-sections (1B) and (1C) and the aggregate of the amount so arrived at in respect of each of the years for which the application has been made under sub-section (1) shall be the additional amount of income-tax payable in respect of the income disclosed in the application.

(1E) Where any books of account, other documents, money, bullion, jewellery or other valuable article or thing belonging to an assessee are seized under section 132, the assessee shall not be entitled to make an application under sub-section (1) before the expiry of one hundred and twenty days from the date of the seizure.

41. In section 245D of the Income-tax Act, with effect from the 1st day of October, 1984,—

Amendment of section 245D.

(a) in sub-section (1A), the words and figures "under the Indian Income-tax Act, 1922, or" shall be omitted;

of 1922.

(b) after sub-section (2), the following sub-sections shall be inserted, namely:—

"(2A) Subject to the provisions of sub-section (2B), the assessee shall, within thirty-five days of the receipt of a copy of the order under sub-section (1), pay the additional amount of income-tax payable on the income disclosed in the application and shall furnish proof of such payment to the Settlement Commission.

(2B) If the Settlement Commission is satisfied, on an application made in this behalf by the assessee, that he is unable for good and sufficient reasons to pay the additional amount of income-tax referred to in sub-section (2A) within the time specified in that sub-section, it may extend the time for payment of the amount which remains unpaid or allow payment thereof by instalments if the assessee furnishes adequate security for the payment thereof.

(2C) Where the additional amount of income-tax is not paid within the time specified under sub-section (2A), then, whether

or not the Settlement Commission has extended the time for payment of the amount which remains unpaid or has allowed payment thereof by instalments under sub-section (2B), the assessee shall be liable to pay simple interest at fifteen per cent. per annum on the amount remaining unpaid from the date of expiry of the period of thirty-five days referred to in sub-section (2A).

(2D) Where the additional amount of income-tax referred to in sub-section (2A) is not paid by the assessee within the time specified under that sub-section or extended under sub-section (2B), as the case may be, the Settlement Commission may direct that the amount of income-tax remaining unpaid, together with any interest payable thereon under sub-section (2C), be recovered and any penalty for default in making payment of such additional amount may be imposed and recovered, in accordance with the provisions of Chapter XVII, by the Income-tax Officer having jurisdiction over the assessee.”;

(c) in sub-section (6), for the words “tax, penalty or interest”, the words “tax or penalty” shall be substituted;

(d) after sub-section (6), the following sub-section shall be inserted, namely:—

“(6A) Where any tax payable in pursuance of an order under sub-section (4) is not paid by the assessee within thirty-five days of the receipt of a copy of the order by him, then, whether or not the Settlement Commission has extended the time for payment of such tax or has allowed payment thereof by instalments, the assessee shall be liable to pay simple interest at fifteen per cent. per annum on the amount remaining unpaid from the date of expiry of the period of thirty-five days aforesaid.”;

(e) after sub-section (7), the following sub-section shall be inserted, namely:—

“(8) For the removal of doubts, it is hereby declared that nothing contained in section 153 shall apply to any order passed under sub-section (4) or to any order of assessment, re-assessment or re-computation required to be made by the Income-tax Officer in pursuance of any directions contained in such order passed by the Settlement Commission.”.

Amendment of section 245E.

42. In section 245E of the Income-tax Act, the words and figures “under the Indian Income-tax Act, 1922, or” shall be omitted with effect from the 1st day of October, 1984.

Amendment of section 245H.

43. In section 245H of the Income-tax Act, in sub-section (1), for the words “and also from the imposition of any penalty”, the words and brackets “and also (either wholly or in part) from the imposition of any penalty” shall be substituted with effect from the 1st day of October, 1984.

Amendment of section 245M.

44. In section 245M of the Income-tax Act, in sub-section (1), after the words “on withdrawing such appeal from the Appellate Tribunal”, the words, figures and letters “before the 1st day of October, 1984” shall be inserted with effect from the 1st day of October, 1984.

45. In section 246 of the Income-tax Act, in sub-section (2), with effect from the 1st day of October, 1984,—

Amendment of section 246.

(a) after clause (c), the following clause shall be inserted, namely:—

“(d) an order of assessment made after the 30th day of September, 1984, on the basis of directions issued by the Inspecting Assistant Commissioner under section 144A;”;

(b) after clause (f), the following clause shall be inserted, namely:—

“(ff) an order made by the Inspecting Assistant Commissioner under section 154;”.

46. In section 253 of the Income-tax Act, in sub-section (1), clause (b) shall be omitted with effect from the 1st day of October, 1984.

Amendment of section 253.

47. In section 263 of the Income-tax Act, with effect from the 1st day of October, 1984,—

Amendment of section 263.

(a) in sub-section (1), the following *Explanation* shall be inserted at the end, namely:—

“*Explanation*.—For the removal of doubts, it is hereby declared that, for the purposes of this sub-section, an order passed by the Income-tax Officer shall include—

(a) an order of assessment made on the basis of directions issued by the Inspecting Assistant Commissioner under section 144A or section 144B; and

(b) an order made by the Inspecting Assistant Commissioner in exercise of the powers or in performance of the functions of an Income-tax Officer conferred on, or assigned to, him under clause (a) of sub-section (1) of section 125 or under sub-section (1) of section 125A.”;

(b) for sub-section (2), the following sub-section shall be substituted, namely:—

“(2) No order shall be made under sub-section (1) after the expiry of two years from the end of the financial year in which the order sought to be revised was passed.”.

48. In section 271 of the Income-tax Act, in sub-section (1), after *Explanation 4*, the following *Explanation* shall be inserted with effect from the 1st day of October, 1984, namely:—

Amendment of section 271.

“*Explanation 5*.—Where in the course of a search under section 132, the assessee is found to be the owner of any money, bullion, jewellery or other valuable article or thing (hereafter in this *Explanation* referred to as assets) and the assessee claims that such assets have been acquired by him by utilising (wholly or in part) his income,—

(a) for any previous year which has ended before the date of the search, but the return of income for such year has not been furni-

shed before the said date or, where such return has been furnished before the said date, such income has not been declared therein; or

(b) for any previous year which is to end on or after the date of the search,

then, notwithstanding that such income is declared by him in any return of income furnished on or after the date of the search, he shall, for the purposes of imposition of a penalty under clause (c) of sub-section (1) of this section, be deemed to have concealed the particulars of his income or furnished inaccurate particulars of such income, unless such income is, or the transactions resulting in such income are, recorded—

(i) in a case falling under clause (a), before the date of the search; and

(ii) in a case falling under clause (b), on or before such date,

in the books of account, if any, maintained by him for any source of income or such income is otherwise disclosed to the Commissioner before the said date.”

Amendment of section 273.

49. In section 273 of the Income-tax Act, in sub-section (2), the *Explanation* shall be numbered as *Explanation 1* and after *Explanation 1* as so numbered, the following *Explanation* shall be inserted, namely:—

“*Explanation 2.*—When the person liable to penalty is a registered firm or an unregistered firm which has been assessed under clause (b) of section 183, then, notwithstanding anything contained in the other provisions of this Act, the penalty imposable under this section shall be the same amount as would be imposable on that firm if that firm were an unregistered firm.”

Amendment of section 273A.

50. In section 273A of the Income-tax Act, with effect from the 1st day of October, 1984,—

(a) in sub-section (1), the *Explanation* shall be numbered as *Explanation 1* and after *Explanation 1* as so numbered, the following *Explanation* shall be inserted, namely:—

“*Explanation 2.*—Where any books of account, other documents, money, bullion, jewellery or other valuable article or thing belonging to a person are seized under section 132 and within fifteen days of such seizure, the person makes a full and true disclosure of his income to the Commissioner, such person shall, for the purposes of clause (b) of this sub-section, be deemed to have made, prior to the detection by the Income-tax Officer of the concealment of particulars of income or of the inaccuracy of particulars furnished in respect of such income, voluntarily and in good faith, a disclosure of such particulars.”

(b) in sub-section (2), in clause (a), for the words “fifty thousand rupees”, the words “one hundred thousand rupees” shall be substituted;



(c) to sub-section (4), the following proviso shall be added, namely:—

“Provided that where the amount of any penalty payable under this Act or, where such application relates to more than one penalty, the aggregate amount of such penalties exceeds one hundred thousand rupees, no order reducing or waiving the amount or compounding any proceeding for its recovery under this sub-section shall be made by the Commissioner except with the previous approval of the Board.”

51. In section 279 of the Income-tax Act, in sub-section (1), after the word, figures and letter “section 276D,” the word, figures and letters “section 276DD,” shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1984.

Amendment of section 279.

52. In section 288 of the Income-tax Act, sub-section (3) shall be omitted with effect from the 1st day of October, 1984.

Amendment of section 288.

### CHAPTER III

#### AMENDMENTS TO THE WEALTH-TAX ACT, 1957

of 1957. 53. In section 4 of the Wealth-tax Act, 1957 (hereafter in this Chapter referred to as the Wealth-tax Act), in sub-section (1), in clause (a),—

Amendment of section 4.

(a) in sub-clause (v), the word “or” shall be inserted at the end;

(b) after sub-clause (v), the following sub-clause shall be inserted, namely:—

“(vi) by a person or association of persons to whom such assets have been transferred by the individual, directly or indirectly, on or after the 1st day of June, 1973, otherwise than for adequate consideration for the immediate or deferred benefit of the son’s wife, or the son’s minor child, of such individual or both.”

54. In section 5 of the Wealth-tax Act,—

Amendment of section 5.

(a) in sub-section (1),—

(i) after clause (xxvii) [directed to be inserted by item (3) of sub-clause (i) of clause (a) of section 34 of the Finance Act, 1984], the following clause shall be inserted, namely:—

1984.

“(xxviii) any deposits with any authority constituted in India by or under any law enacted either for the purpose of dealing with and satisfying the need for housing accommodation or for the purpose of planning, development or improvement of cities, towns and villages, or for both;”

(ii) in clause (xxviii), after the words “being a person of Indian origin”, the words and brackets “or a citizen of India (hereafter in this clause referred to as such person)” shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1977;

(b) in sub-section (1A), after the brackets, figures and letter "(xxviiia)", the brackets, figures and letter "(xxviiib)", shall be inserted;

(c) in sub-section (3),—

(i) after the brackets, figures and letter "(xxviiia)", the brackets, figures and letter "(xxviiib)", shall be inserted;

(ii) in the *Explanation*, for the words "thirty days", the words "sixty days" shall be substituted.

Substitu-  
tion of  
new  
section  
for sec-  
tion 8A.

55. In the Wealth-tax Act, for section 8A, the following section shall be substituted with effect from the 1st day of October, 1984, namely:—

Powers  
of Com-  
missioner  
respecting  
specified  
areas,  
cases,  
persons,  
etc.

"8A. (1) The Commissioner may, by general or special order in writing, direct that—

(a) the powers conferred on the Wealth-tax Officer by or under this Act shall, in respect of any specified case or class of cases or of any specified person or class of persons, be exercised by the Inspecting Assistant Commissioner;

(b) such of the functions assigned to the Wealth-tax Officer by or under this Act, as are specified in any such order may, in respect of any specified area or specified cases, or classes of cases or specified persons or classes of persons, be performed by an Inspector of Wealth-tax or any member of the ministerial staff appointed to work under the Commissioner or any other wealth-tax authority subordinate to him, and specified in such order, subject to such conditions, restrictions or limitations as may be specified therein:

Provided that the Commissioner shall not, unless he is authorised in this behalf by the Board by general or special order in writing, make an order under clause (b) in relation to the functions of a Wealth-tax Officer mentioned in the following provisions of this Act, namely, sections 15B, 16, 17, 18, 20, 22, 24, 32, 37 and 37A.

(2) For the purposes of any case or person or proceeding under this Act in respect of which or whom an order under sub-section (1) applies,—

(a) where such order is made under clause (a) of the said sub-section, references in this Act or in any rule made thereunder to the Wealth-tax Officer shall be deemed to be references to the Inspecting Assistant Commissioner and any provision of this Act requiring approval or sanction of the Inspecting Assistant Commissioner shall not apply;

(b) where such order is made under clause (b) of the said sub-section, references in this Act or in any rule made thereunder to the Wealth-tax Officer shall be deemed to include references to the Inspector of Wealth-tax or the member of the ministerial staff specified in such order."

56. In section 17A of the Wealth-tax Act, in *Explanation 1*, after clause (ii), the following clause shall be inserted with effect from the 1st day of October, 1984, namely:—

Amend-  
ment of  
section  
17A.

“(iii) the period (not exceeding sixty days) commencing from the date on which the Wealth-tax Officer received the declaration under sub-section (1) of section 18C and ending with the date on which the order under sub-section (3) of that section is made by him, or”.

57. In section 18 of the Wealth-tax Act, in sub-section (1), after *Explanation 4*, the following *Explanation* shall be inserted with effect from the 1st day of October, 1984, namely:—

Amend-  
ment of  
section 18.

“*Explanation 5*.—Where in the course of a search under section 37A, the assessee is found to be the owner of any money, bullion, jewellery or other valuable article or thing (hereafter in this *Explanation* referred to as assets) and the assessee claims that such assets represent or form part of his net wealth,—

(a) on any valuation date falling before the date of the search, but the return in respect of the net wealth on such date has not been furnished before the date of the search or, where such return has been furnished before the said date, such assets have not been declared in such return; or

(b) on any valuation date falling on or after the date of the search,

then, notwithstanding that such assets are declared by him in any return of net wealth furnished on or after the date of the search, he shall, for the purposes of imposition of a penalty under clause (c) of sub-section (1) of this section, be deemed to have concealed the particulars of such assets or furnished inaccurate particulars of such assets, unless such assets are recorded,—

(i) in a case falling under clause (a), before the date of the search; and

(ii) in a case falling under clause (b), on or before such date, in the books of account, if any, maintained by him or such assets are otherwise disclosed to the Commissioner before the said date.”.

58. In section 18B of the Wealth-tax Act, in sub-section (1), with effect from the 1st day of October, 1984,—

Amend-  
ment of  
section  
18 B.

(a) the *Explanation* shall be numbered as *Explanation 1*; and

(b) after *Explanation 1* as so numbered, the following *Explanation* shall be inserted, namely:—

“*Explanation 2*.—Where any books of account or other documents belonging to a person are seized under section 37A and within fifteen days of such seizure, the person makes a full and true disclosure of his net wealth to the Commissioner, such person shall, for the purposes of clause (b) of this sub-section, be deemed to have made, prior to the detection by the Wealth-tax Officer of the concealment of particulars of assets or of the inaccuracy of particulars furnished in respect of any asset or debt in respect of which the penalty is imposable, voluntarily and in good faith, a disclosure of such particulars.”.

Amendment of new Chapter IV A.

59. In the Wealth-tax Act, after Chapter IV, the following Chapter shall be inserted with effect from the 1st day of October, 1984, namely:—

#### CHAPTER IVA

##### SPECIAL PROVISION FOR AVOIDING REPETITIVE APPEALS

Procedure when assessee claims identical question of law is pending before High Court or Supreme Court.

18C. (1) Notwithstanding anything contained in this Act, where an assessee claims that any question of law arising in his case for an assessment year which is pending before the Wealth-tax Officer or any appellate authority (such case being hereafter in this section referred to as the relevant case) is identical with a question of law arising in his case for another assessment year which is pending before the High Court or the Supreme Court on a reference under section 27 or in appeal before the Supreme Court under section 29 (such case being hereafter in this section referred to as the other case), he may furnish to the Wealth-tax Officer or the appellate authority, as the case may be, a declaration in the prescribed form and verified in the prescribed manner, that if the Wealth-tax Officer or the appellate authority, as the case may be, agrees to apply to the relevant case the final decision on the question of law in the other case, he shall not raise such question of law in the relevant case in appeal before any appellate authority or for a reference before the High Court or the Supreme Court under section 27 or in appeal before the Supreme Court under section 29.

(2) Where a declaration under sub-section (1) is furnished to any appellate authority, the appellate authority shall call for a report from the Wealth-tax Officer on the correctness of the claim made by the assessee and, where the Wealth-tax Officer makes a request to the appellate authority to give him an opportunity of being heard in the matter, the appellate authority shall allow him such opportunity.

(3) The Wealth-tax Officer or the appellate authority, as the case may be, may, by order in writing,—

(i) admit the claim of the assessee if he or it is satisfied that the question of law arising in the relevant case is identical with the question of law in the other case; or

(ii) reject the claim if he or it is not so satisfied.

(4) Where a claim is admitted under sub-section (3),—

(a) the Wealth-tax Officer or, as the case may be, the appellate authority may make an order disposing of the relevant case without awaiting the final decision on the question of law in the other case; and

(b) the assessee shall not be entitled to raise, in relation to the relevant case, such question of law in appeal before any appellate authority or for a reference before the High Court or the Supreme Court under section 27 or in appeal before the Supreme Court under section 29.

(5) When the decision on the question of law in the other case becomes final, it shall be applied to the relevant case and the Wealth-tax Officer or the appellate authority, as the case may be, shall, if necessary, amend the order referred to in clause (a) of sub-section (4) conformably to such decision.

(6) An order under sub-section (3) shall be final and shall not be called in question in any proceeding by way of appeal, reference or revision under this Act.

*Explanation.*—In this section,—

(a) “appellate authority” means the Appellate Assistant Commissioner or the Commissioner (Appeals) or the Appellate Tribunal;

(b) “case”, in relation to an assessee, means any proceeding under this Act for the assessment of the net wealth of the assessee or for the imposition of any penalty on him.

60. In section 22A of the Wealth-tax Act, for clause (a), the following clause shall be substituted with effect from the 1st day of October, 1984, namely:—

Amendment  
of section  
22A.

“(a) “case” means any proceeding under this Act for the assessment or re-assessment of any person in respect of any year or years, or by way of appeal or revision in connection with such assessment or re-assessment, which may be pending before a wealth-tax authority on the date on which an application under sub-section (1) of section 22C is made.”

61. In section 22C of the Wealth-tax Act, for sub-section (1), the following sub-sections shall be substituted with effect from the 1st day of October, 1984, namely:—

Amendment  
of section  
22C.

(1) An assessee may, at any stage of a case relating to him, make an application in such form and in such manner as may be prescribed, and containing a full and true disclosure of his wealth which has not been disclosed before the Wealth-tax Officer, the manner in which such wealth has been derived, the additional amount of wealth-tax payable on such wealth and such other particulars as may be prescribed, to the Settlement Commission to have the case settled and any such application shall be disposed of in the manner hereinafter provided.

(1A) For the purposes of sub-section (1) of this section and sub-sections (2A) to (2D) of section 22D, the additional amount of wealth-tax payable in respect of the wealth disclosed in an application made under sub-section (1) of this section shall be the amount calculated in accordance with the provisions of sub-sections (1B) to (1D).

(1B) Where the wealth disclosed in the application relates to only one assessment year,—

(a) if the applicant has not furnished a return in respect of the net wealth for that year and no assessment has been made in respect of the net wealth for that year, wealth-tax shall be calculated on the wealth disclosed in the application as if such wealth were the net wealth;

(b) if the applicant has furnished a return in respect of the net wealth for that year and no assessment has been made in pursuance of such return, wealth-tax shall be calculated on the aggregate of the net wealth returned and the wealth disclosed in the application as if such aggregate were the net wealth; and

(c) if an assessment in respect of the net wealth for that year has been made, wealth-tax shall be calculated on the aggregate of the net wealth as assessed and the wealth disclosed in the application as if such aggregate were the net wealth.

(1C) The wealth-tax as calculated under sub-section (1B) shall,—

(a) in a case referred to in clause (d) of sub-section (1B), be reduced by the wealth-tax, if any, paid by the applicant under section 15B; and

(b) in a case referred to in clause (c) of sub-section (1B), be reduced by the aggregate of the wealth-tax referred to in clause (a) and the wealth-tax, if any, paid by the applicant in pursuance of the assessment made in respect of the net wealth for that year,

and the amount referred to in clause (a) of sub-section (1B) or, as the case may be, the resultant amount arrived at under clause (a) or clause (b), as the case may be, shall be the additional amount of wealth-tax payable in respect of the wealth disclosed in the application relating to that year.

(1D) Where the wealth disclosed in the application relates to more than one assessment year, the additional amount of wealth-tax payable in respect of the wealth disclosed for each of the years shall first be calculated in accordance with the provisions of sub-sections (1B) and (1C) and the aggregate of the amount so arrived at in respect of each of the years for which the application has been made under sub-section (1) shall be the additional amount of wealth-tax payable in respect of the wealth disclosed in the application.

(1E) Where any books of account or other documents belonging to an assessee are seized under section 37A, the assessee shall not be entitled to make an application under sub-section (1) before the expiry of one hundred and twenty days from the date of the seizure.

62. In section 22D of the Wealth-tax Act, with effect from the 1st day of October, 1984,—

(a) after sub-section (2), the following sub-sections shall be inserted, namely:—

“(2A) Subject to the provisions of sub-section (2B), the assessee shall, within thirty-five days of the receipt of a copy of the order under sub-section (1), pay the additional amount of wealth-tax payable on the wealth disclosed in the application and shall furnish proof of such payment to the Settlement Commission.

(2B) If the Settlement Commission is satisfied, on an application made in this behalf by the assessee, that he is unable for good and sufficient reasons to pay the additional amount of wealth-tax referred to in sub-section (2A) within the time specified in that sub-section, it may extend the time for payment of the amount which remains unpaid or allow payment thereof by instalments if the assessee furnishes adequate security for the payment thereof.

(2C) Where the additional amount of wealth-tax is not paid within the time specified under sub-section (2A), then, whether or not the Settlement Commission has extended the time for payment of the amount which remains unpaid or has allowed payment thereof by instalments under sub-section (2B), the assessee shall be liable to pay simple interest at fifteen per cent. per

Amend-  
ment of  
section  
22D.

annum on the amount remaining unpaid from the date of expiry of the period of thirty-five days referred to in sub-section (2A).

(2D) Where the additional amount of wealth-tax referred to in sub-section (2A) is not paid by the assessee within the time specified under that sub-section or extended under sub-section (2B), as the case may be, the Settlement Commission may direct that the amount of wealth-tax remaining unpaid, together with any interest payable thereon under sub-section (2C), be recovered and any penalty for default in making payment of such additional amount of wealth-tax may be imposed and recovered, in accordance with the provisions of Chapter VII, by the Wealth-tax Officer having jurisdiction over the assessee.”;

(b) in sub-section (6), for the words “tax, penalty or interest”, the words “tax or penalty” shall be substituted;

(c) after sub-section (6), the following sub-section shall be inserted, namely:—

“(6A) Where any tax payable in pursuance of an order under sub-section (4) is not paid by the assessee within thirty-five days of the receipt of a copy of the order by him, then, whether or not the Settlement Commission has extended the time for payment of such tax or has allowed payment thereof by instalments, the assessee shall be liable to pay simple interest at fifteen per cent. per annum on the amount remaining unpaid from the date of expiry of the period of thirty-five days aforesaid.”;

(d) after sub-section (7), the following sub-section shall be inserted, namely:—

“(8) For the removal of doubts, it is hereby declared that nothing contained in section 17A shall apply to any order passed under sub-section (4) or to any order of assessment or reassessment required to be made by the Wealth-tax Officer in pursuance of any directions contained in such order passed by the Settlement Commission.”.

63. In section 22H of the Wealth-tax Act, in sub-section (1), for the words “and also from the imposition of any penalty”, the words and brackets “and also (either wholly or in part) from the imposition of any penalty” shall be substituted with effect from the 1st day of October, 1984.

Amendment of section 22H.

64. In section 22M of the Wealth-tax Act, in sub-section (1), after the words “on withdrawing such appeal from the Appellate Tribunal”, the words, figures and letters “before the 1st day of October, 1984” shall be inserted with effect from the 1st day of October, 1984.

Amendment of section 22M.

65. In section 25 of the Wealth-tax Act, with effect from the 1st day of October, 1984,—

Amendment of section 25.

(a) in sub-section (2), the following *Explanation* shall be inserted at the end, namely:—

“*Explanation.*—For the removal of doubts, it is hereby declared that, for the purposes of this sub-section, an order passed by a Wealth-tax Officer shall include an order passed by an Inspecting Assistant Commissioner in exercise of the powers or in performance of the functions of a Wealth-tax Officer conferred

on, or assigned to, him under clause (a) of sub-section (1) of section 8A or under sub-section (1) of section 8AA.”;

(b) in sub-section (3), for the words “from the date of the order sought to be revised”, the words “from the end of the financial year in which the order sought to be revised was passed” shall be substituted.

Amendment of section 31.

66. In section 31 of the Wealth-tax Act, with effect from the 1st day of October, 1984,—

(a) in sub-section (2), for the words “twelve per cent.”, the words “fifteen per cent.” shall be substituted;

(b) after sub-section (2), the following sub-section shall be inserted, namely:—

“(2A) Notwithstanding anything contained in sub-section (2), the Board may reduce or waive the amount of interest payable by an assessee under the said sub-section if, on the recommendation made by the Commissioner in this behalf, it is satisfied that—

(i) payment of such amount would cause genuine hardship to the assessee;

(ii) default in the payment of the amount on which interest was payable under the said sub-section was due to circumstances beyond the control of the assessee; and

(iii) the assessee has co-operated in any inquiry relating to the assessment or any proceeding for the recovery of any amount due from him.”.

Amendment of section 34A.

67. In section 34A of the Wealth-tax Act, for the words “twelve per cent.”, the words “fifteen per cent.” shall be substituted with effect from the 1st day of October, 1984.

Insertion of new section 34ACC.

68. After section 34AC of the Wealth-tax Act, the following section shall be inserted with effect from the 1st day of October, 1984, namely:—

Furnishing of particulars in certain cases.

“34ACC. Where any person who is registered as a valuer under section 34AB or who has made an application for registration as a valuer under that section is, at any time thereafter,—

(a) convicted of any offence and sentenced to a term of imprisonment; or

(b) in a case where he is a member of any association or institution established in India having as its object the control, supervision, regulation or encouragement of the profession of architecture, accountancy, or company secretaries or such other profession as the Board may specify in this behalf by notification in the Official Gazette, found guilty of misconduct in his professional capacity, by such association or institution;

he shall immediately after such conviction or, as the case may be, finding, intimate the particulars thereof to the Board.”.



69. In section 35 of the Wealth-tax Act, in sub-section (7), with effect from the 1st day of October, 1984,—

Amendment of section 35.

(i) in clause (a), for the words “from the date of the order passed in the first appeal or revision”, the words “from the end of the financial year in which the order was passed in the first appeal or revision” shall be substituted;

(ii) in clause (b), for the words “from the date of the order sought to be amended”, the words “from the end of the financial year in which the order sought to be amended was passed” shall be substituted.

70. After section 35E of the Wealth-tax Act, the following section shall be inserted with effect from the 1st day of October, 1984, namely:—

Insertion of new section 35EE.

“35EE. If a person referred to in section 34ACC fails, without reasonable cause or excuse, to intimate to the Board the particulars of conviction or finding referred to in the said section, he shall be punishable with rigorous imprisonment for a term which may extend to two years and shall also be liable to fine.”

Failure to furnish particulars under section 34ACC.

CHAPTER IV

AMENDMENTS TO THE GIFT-TAX ACT, 1958

f 1958.

71. In section 2 of the Gift-tax Act, 1958 (hereafter in this Chapter referred to as the Gift-tax Act), in clause (va), the words “not involving the carrying on of any activity for profit” shall be omitted and shall be deemed to have been omitted with effect from the 1st day of April, 1984.

Amendment of section 20.

72. In section 5 of the Gift-tax Act, in sub-section (1), after clause (xv), the following clause shall be inserted, namely:—

Amendment of section 5.

“(xvi) to any other person, up to a maximum of rupees five hundred in value in one previous year.”

73. In the Gift-tax Act, for section 7A, the following section shall be substituted with effect from the 1st day of October, 1984, namely:—

Substitution of new section for section 7A.

“7A. (1) The Commissioner may, by general or special order in writing, direct that—

Powers of Commissioner respecting specified areas, cases, persons etc.

(a) the powers conferred on the Gift-tax Officer by or under this Act shall, in respect of any specified case or class of cases or of any specified person or class of persons, be exercised by the Inspecting Assistant Commissioner;

(b) such of the functions assigned to the Gift-tax Officer by or under this Act, as are specified in any such order may, in respect of any specified area or specified cases or classes of cases or specified persons or classes of persons, be performed by an Inspector of Gift-tax or any member of the ministerial staff appointed to work under the Commissioner or any other gift-tax authority subordinate to him, and specified in such order, subject to such conditions, restrictions or limitations as may be specified therein:

Provided that the Commissioner shall not, unless he is authorised in this behalf by the Board by general or special order in writing, make an order under clause (b) in relation to the functions of a Gift-tax Officer mentioned in the following provisions of this Act, namely, sections 15, 16, 17, 19A, 20, 21, 21A, 23, 32, 33 and 36.

(2) For the purposes of any case or person or proceeding under this Act in respect of which or whom an order under sub-section (1) applies,—

(a) where such order is made under clause (a) of the said sub-section, references in this Act or in any rule made thereunder to the Gift-tax Officer shall be deemed to be references to the Inspecting Assistant Commissioner and any provision of this Act requiring approval or sanction of the Inspecting Assistant Commissioner shall not apply;

(b) where such order is made under clause (b) of the said sub-section, references in this Act or in any rule made thereunder to the Gift-tax Officer shall be deemed to include references to the Inspector of Gift-tax or the member of the ministerial staff specified in such order.”.

Amendment of section 24.

74. In section 24 of the Gift-tax Act, with effect from the 1st day of October, 1984,—

(a) in sub-section (2), the following *Explanation* shall be inserted at the end, namely:—

“*Explanation.*—For the removal of doubts, it is hereby declared that, for the purposes of this sub-section, an order passed by a Gift-tax Officer shall include an order passed by an Inspecting Assistant Commissioner in exercise of the powers or in performance of the functions of a Gift-tax Officer conferred on, or assigned to, him under clause (a) of sub-section (1) of section 7A or under sub-section (1) of section 7AA.”;

(b) in sub-section (3), for the words “from the date of the order sought to be revised”, the words “from the end of the financial year in which the order sought to be revised was passed” shall be substituted.

Amendment of sections 32 and 33A.

75. In sections 32 and 33A of the Gift-tax Act, for the words “twelve per cent.”, the words “fifteen per cent.” shall be substituted with effect from the 1st day of October, 1984.

Amendment of section 34.

76. In section 34 of the Gift-tax Act, in sub-section (7), for the words “from the date of the order sought to be amended”, the words “from the end of the financial year in which the order sought to be amended was passed” shall be substituted with effect from the 1st day of October, 1984.

## CHAPTER V

### AMENDMENTS TO THE COMPANIES (PROFITS) SURTAX ACT, 1964

Amendment of sections 7B to 7D.

77. In sections 7B to 7D of the Companies (Profits) Surtax Act, 1964 [hereafter in this Chapter referred to as the Companies (Profits) Surtax Act], for the words “twelve per cent.”, wherever they occur, the words “fifteen per cent.” shall be substituted with effect from the 1st day of October, 1984. 7 of 1964.

78. In section 13 of the Companies (Profits) Surtax Act, in sub-section (1), for the words "within four years of the date on which such order was passed", the words "within four years from the end of the financial year in which such order was passed" shall be substituted with effect from the 1st day of October, 1984. Amendment of section 13.

79. In section 14 of the Companies (Profits) Surtax Act, for the words "from the date of the order passed under the aforesaid sections of the Income-tax Act", the words "from the end of the financial year in which the order under the aforesaid sections of the Income-tax Act was passed" shall be substituted with effect from the 1st day of October, 1984. Amendment of section 14.

80. In section 16 of the Companies (Profits) Surtax Act, with effect from the 1st day of October, 1984,— Amendment of section 16.

(a) in sub-section (1), the following Explanation shall be inserted at the end, namely:—

*Explanation.*—For the removal of doubts, it is hereby declared that, for the purposes of this sub-section, an order passed by the Income-tax Officer shall include an order passed by the Inspecting Assistant Commissioner in exercise of the powers or in performance of the functions of an Income-tax Officer conferred on, or assigned to, him under clause (a) of sub-section (1) of section 125 or under sub-section (1) of section 125A of the Income-tax Act as applied by section 18 of this Act.”;

(b) for sub-section (2), the following sub-section shall be substituted, namely:—

“(2) No order shall be made under sub-section (1) after the expiry of two years from the end of the financial year in which the order sought to be revised was passed.”.

## CHAPTER VI

### AMENDMENT TO THE COMPULSORY DEPOSIT SCHEME (INCOME-TAX PAYERS) ACT, 1974

38 of 1974. 81. In section 13 of the Compulsory Deposit Scheme (Income-tax Payers) Act, 1974, in sub-section (1), for the words "within four years of the date on which such order was passed", the words "within four years from the end of the financial year in which such order was passed" shall be substituted with effect from the 1st day of October, 1984. Amendment of section 13.

## CHAPTER VII

### AMENDMENTS TO THE INTEREST-TAX ACT, 1974

45 of 1974. 82. In section 17 of the Interest-tax Act, 1974 (hereafter in this Chapter referred to as the Interest-tax Act), in sub-section (1), for the words "within four years of the date on which such order was passed", the words "within four years from the end of the financial year in which such order was passed" shall be substituted with effect from the 1st day of October, 1984. Amendment of section 17.

Amend-  
ment of  
section  
19.

83. In section 19 of the Interest-tax Act, with effect from the 1st day of October, 1984,—

(a) in sub-section (1), the following *Explanation* shall be inserted at the end, namely:—

“*Explanation.*—For the removal of doubts, it is hereby declared that, for the purposes of this sub-section, an order passed by the Income-tax Officer shall include an order passed by the Inspecting Assistant Commissioner in exercise of the powers of an Income-tax Officer conferred on him under clause (a) of sub-section (1) of section 125 of the Income-tax Act as applied by section 21 of this Act.”;

(b) for sub-section (2), the following sub-section shall be substituted, namely:—

“(2) No order shall be made under sub-section (1) after the expiry of two years from the end of the financial year in which the order sought to be revised was passed.”.

#### CHAPTER VIII

##### MISCELLANEOUS

Applicability of revised rate of interest.

84. For the removal of doubts, it is hereby declared that where interest is payable under—

(a) any provision of the Income-tax Act, 1961 referred to in section 24 of this Act; or 43 of 1

(b) section 31 or section 34A of the Wealth-tax Act, 1957; or 27 of 1

(c) section 32 or section 33A of the Gift-tax Act, 1958; or 18 of 1

(d) sections 7B to 7D and section 18 of the Companies (Profits) Surtax Act, 1964; or 7 of 1

(e) section 21 of the Interest-tax Act, 1974, 45 of 1

in respect of any period commencing on or before the 30th day of September, 1984 and ending after that date, such interest shall, in respect of so much of such period as falls after that date, be calculated at the rate of fifteen per cent. per annum.